

AR52

Cal-Dale

CALVERT-DALE ESTATES LTD.



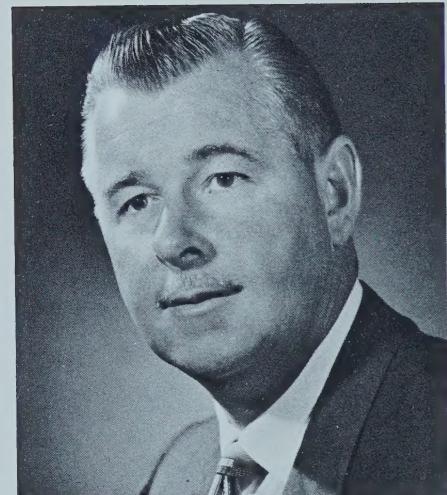
ANNUAL REPORT

1969



REPORT to the Shareholders

Roy A. Nicholson, President



The year ended June 28th, 1969 was one of continued change and reorganization for the Company. This was the first full year of a two year financing and management plan which was approved by the shareholders on June 26th, 1968.

The loss from operations of \$198,561 represents a marginal improvement over the previous year. Sales of perishable products increased \$47,000; however, these gains were more than offset by a sales decline in florist supplies of \$102,000.

Production expenses were reduced in all categories. It should be noted that a large section of our rose growing area was out of production for the first four months of the calendar year 1969 due to the replacement of the plants in these areas. This situation coupled with a more active wholesaling effort resulted in \$47,000 additional purchases of other producers' merchandise. Gross profit in our florist supply division improved by 5% in comparison with the previous year, reflecting the improved buying policies and the absence of abnormal write-downs. Selling and distribution costs increased 15% due to wage increases and the expansion of the Company's branch outlets and selling routes.

In various stages, approximately 300,000 square feet of greenhouse area which had been uneconomic for some years were closed. It is fully expected that the gross dollar sales generated by the remaining greenhouse area will, as a result of new plants, exceed those of the total area previously maintained in production.

The Company's marketing system underwent considerable change this year. Wholesale branches were established in London and Ottawa. The management staffs of the existing branches in Montreal and Toronto were replaced, and the subsequent performance at these branches has been most satisfactory. The Company has been fortunate in acquiring the services of many experienced staff for the distribution side of the business including W. J. Corrigan, the new Perishables Sales Manager. Mr. Corrigan has been a leading figure in the florist industry in Ontario for the past decade.

Retail operations have been expanded with the establishment of a flower shop in Brampton's Shoppers' World Plaza.

Capital expenditures were particularly high for three reasons: the installation of a streamline to eliminate two boiler rooms, a large number of replacements and additions to our delivery fleet, and the leasehold improvements and equipment at the two new wholesale houses and the new retail outlet.

Working capital as shown in the financial statements continues to be depleted by long term debt payments, fixed asset acquisitions and losses on operations. Arrangements are underway to issue a debenture for \$300,000 to provide sufficient working capital for the company. With a large proportion of the reorganization behind us now we look forward to much improved results; May and June of this year indicated significant improvements over the past year. Sales achieved early in the 1969-70 year have been excellent.

As pointed out in note 10 to the financial statements the Company has employed the services of a consultant to develop a long-range plan for its properties, particularly those which will become surplus to operations. This plan will then be presented to the municipality to facilitate the orderly integration of some of the Company's properties into the overall town planning.

On April 16th the Company suffered a severe and sudden loss in the death of Harry Dale, our Production Manager. Mr. Dale had spent all his life in the field of floriculture and all but a few years with the Dale firm. He had donated of his time and ability to many organizations of the industry and the community.

In closing I must once again express our appreciation to our employees and in particular to those who have joined us during this year for their enthusiasm and co-operation during the reorganization.

On behalf of the Board of Directors,



ROY A. NICHOLSON, President,

Cal-Dale

Calvert-Dale Estates Limited
and subsidiary companies
(Incorporated under the laws of Ontario)

Consolidated Balance Sheet

June 28, 1969

ASSETS

CURRENT:

| | <u>1969</u> | <u>1968</u> |
|--|-----------------|-----------------|
| Cash | \$ 5,110 | \$ 4,210 |
| Accounts receivable | 694,070 | 645,922 |
| Inventories of resale merchandise and production supplies valued at the lower of cost or net realizable value | 621,065 | 506,033 |
| Prepaid expenses | 26,070 | 40,013 |
| | <hr/> 1,346,315 | <hr/> 1,196,178 |

MORTGAGES RECEIVABLE (note 2)

| | |
|---------|---------|
| 445,433 | 453,433 |
| <hr/> | <hr/> |

FIXED (note 3):

| | | |
|--|-----------|-----------|
| Land, buildings and equipment at cost less accumulated depreciation | 1,822,323 | 1,782,332 |
| | <hr/> | <hr/> |

OTHER:

| | | |
|---|-------------------------|-------------------------|
| Sundry deposits | 29,159 | 28,590 |
| Growing crops, patents and trademarks | 1 | 1 |
| | <hr/> 29,160 | <hr/> 28,591 |
| | <hr/> <hr/> \$3,643,231 | <hr/> <hr/> \$3,460,534 |

On behalf of the Board:

R. A. NICHOLSON,
Director

W. R. PIERSON, JR.,
Director

See accompanying notes

LIABILITIES

CURRENT:

| | <u>1969</u> | <u>1968</u> |
|---|-------------|-------------|
| Bank indebtedness (note 4) | \$1,141,169 | \$ 909,200 |
| Accounts payable and accrued charges | 648,589 | 409,108 |
| Sales and other taxes payable | 39,106 | 27,583 |
| Long term debt payments due within one year | 135,000 | 84,500 |
| | <hr/> | <hr/> |
| | 1,963,864 | 1,430,391 |
| | <hr/> | <hr/> |
| LONG TERM DEBT (note 5) | 1,354,486 | 1,623,527 |
| | <hr/> | <hr/> |

SHAREHOLDERS' EQUITY

SHARE CAPITAL (note 6):

| | | |
|---|-------------|-------------|
| Authorized—1,500,000 shares without par value | | |
| Issued — 943,018 shares (1968 — 625,007 shares) | 1,489,751 | 1,358,757 |
| CONTRIBUTED SURPLUS | 7,500 | 7,500 |
| | <hr/> | <hr/> |
| DEFICIT | 1,497,251 | 1,366,257 |
| | 1,172,370 | 959,641 |
| | <hr/> | <hr/> |
| | 324,881 | 406,616 |
| | <hr/> | <hr/> |
| | \$3,643,231 | \$3,460,534 |

AUDITORS' REPORT TO SHAREHOLDERS

We have examined the consolidated balance sheet of Calvert-Dale Estates Limited and its subsidiaries as at June 28, 1969 and the consolidated statements of income, deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at June 28, 1969 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
September 2, 1969.

Clarkson, Gordon & Co.
Chartered Accountants

Cal-Dale Calvert-Dale Estates Limited

Consolidated Statement of Income

Year (52 Weeks) Ended June 28, 1969

| | <u>1969</u> | <u>1968</u> |
|---|--------------------------|--------------------------|
| Sales | <u>\$5,624,539</u> | <u>\$5,679,712</u> |
| Income before the following items | <u>\$ 66,320</u> | <u>\$ 43,862</u> |
| Depreciation | <u>115,491</u> | <u>112,709</u> |
| Interest on long term debt | <u>108,456</u> | <u>125,724</u> |
| Other interest | <u>79,823</u> | <u>53,278</u> |
| | <u>303,770</u> | <u>291,711</u> |
| Loss before interest earned | <u>237,450</u> | <u>247,849</u> |
| Interest earned | <u>38,889</u> | <u>35,104</u> |
| Net loss for the year | <u><u>\$ 198,561</u></u> | <u><u>\$ 212,745</u></u> |

Consolidated Statement of Deficit

Year (52 Weeks) Ended June 28, 1969

| | <u>1969</u> | <u>1968</u> |
|--|----------------------------|--------------------------|
| Deficit, beginning of year | <u>\$ 959,641</u> | <u>\$ 754,246</u> |
| Add: | | |
| Loss for the year | <u>198,561</u> | <u>212,745</u> |
| Deferred planting expenses written off | <u>106,602</u> | |
| Loss on disposal of fixed assets | <u>14,168</u> | |
| | <u>1,172,370</u> | <u>1,073,593</u> |
| Deduct gain on disposal of land | | <u>113,952</u> |
| Deficit, end of year | <u><u>\$ 1,172,370</u></u> | <u><u>\$ 959,641</u></u> |

Consolidated Statement of Source and Application of Funds

Year (52 Weeks) Ended June 28, 1969

SOURCE OF FUNDS:

| | <u>1969</u> | <u>1968</u> |
|--|--------------|----------------|
| Sale of land | \$ 215,444 | |
| Reduction in mortgage receivable | \$ 8,000 | |
| Issue of shares for cash | 2 | |
| | <u>8,002</u> | <u>215,444</u> |

APPLICATION OF FUNDS:

| | | |
|---|-------------------|-------------------|
| Operations— | | |
| Loss for the year | 198,561 | 212,745 |
| Depreciation, a charge not requiring an outlay of funds | 115,491 | 112,709 |
| | <u>83,070</u> | <u>100,036</u> |
| Reduction of long term debt net of amounts converted to shares (note 5b) | 138,049 | 131,159 |
| Increase in mortgages receivable | 162,075 | |
| Purchase of fixed assets (net) | 169,650 | 97,457 |
| Increase in sundry deposits | 569 | 5,041 |
| | <u>391,338</u> | <u>495,768</u> |
| Decrease in working capital | 383,336 | 280,324 |
| Working capital deficiency at beginning of year | 234,213 | (46,111) |
| Working capital deficiency at end of year | <u>\$ 617,549</u> | <u>\$ 234,213</u> |

Cal-Dale Calvert-Dale Estates Limited

Notes to Consolidated Financial Statements

June 28, 1969

1. BASIS OF CONSOLIDATION

The consolidated financial statements reflect the combined financial position and operations of Calvert-Dale Estates Limited and its wholly-owned inactive subsidiary companies, Dales of Brampton Limited, H. C. McKinney, Ltd. and Growers' Wholesale Florists Inc.

2. MORTGAGES RECEIVABLE

| | 1969 | 1968 |
|---|------------|------------|
| 5 1/4% due February 1, 1973 | \$ 268,358 | \$ 268,358 |
| 7% due \$2,000 September 1, 1969, balance due September 1, 1970 | 19,000 | 21,000 |
| 7 1/2% due \$2,000 each year to 1972, balance due June 25, 1973 | 23,500 | 25,500 |
| 7 1/2% due \$4,000 each year to 1972, balance due June 25, 1973 | 134,575 | 138,575 |
| | <hr/> | <hr/> |
| | \$445,433 | \$ 453,433 |
| | <hr/> | <hr/> |

The mortgages receivable have been assigned as collateral security for the 7 1/2% mortgages payable January 1, 1980.

| | Cost | Accumulated depreciation | Net book value | |
|--|-------------|--------------------------|----------------|-------------|
| | | | 1969 | 1968 |
| 3. FIXED ASSETS | | | | |
| Land | \$ 699,058 | \$ 699,058 | \$ 705,097 | |
| Buildings and leasehold improvements | 1,371,306 | 419,456 | 951,850 | 938,772 |
| Machinery and equipment | 277,279 | 179,166 | 98,113 | 87,008 |
| Motor vehicles | 119,245 | 64,192 | 55,053 | 32,446 |
| Roadways | 21,925 | 3,676 | 18,249 | 19,009 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | \$2,488,813 | \$ 666,490 | \$1,822,323 | \$1,782,332 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

4. BANK INDEBTEDNESS

The bank indebtedness of \$1,141,169 is secured by a general assignment of book debts, crops pledged under Section 88 of the Bank Act, a floating charge debenture and a collateral mortgage subordinated to prior mortgages on the company's real estate. The bank also holds a mortgage bond in the amount of \$300,000 that has been hypothecated with it as collateral security for the long term bank loan referred to in note 5 below. Under certain circumstances the bank has the right to require earlier payment of this loan. The principal repayment of \$25,000 due September 3, 1969 has been waived.

| | Original borrowing | Outstanding | |
|---|--------------------|-------------|------------|
| | | 1969 | 1968 |
| 5. LONG TERM DEBT | | | |
| Mortgages | | | |
| 7 1/2% due January 1, 1980, payable \$8,500 quarterly | \$ 500,000 | \$ 355,819 | \$ 363,453 |
| 7 1/2% due January 1, 1980, payable \$6,500 quarterly | 400,000 | 294,667 | 299,574 |
| 6% due January 1, 1975, payable \$50,000 annually | 500,000 | 300,000 | 350,000 |
| Convertible debentures | | | |
| 7 1/4% sinking fund debentures maturing December 15, 1976, annual sinking fund instalment of \$20,000 (a) | 350,000 | 250,000 | 270,000 |
| 7% subordinated debentures maturing October 1, 1974 (b) | 150,000 | 19,000 | 150,000 |
| Notes payable (unsecured) | | | |
| 6% repayable \$5,000 in each of the years 1970 to 1973 | 50,000 | 20,000 | 25,000 |
| Bank loan | | | |
| Repayable \$25,000 each year to 1972 balance payable September 3, 1973 (note 4) | 300,000 | 250,000 | 250,000 |
| | <hr/> | <hr/> | <hr/> |
| | \$2,250,000 | 1,489,486 | 1,708,027 |
| Less amounts due within one year, included with current liabilities | | 135,000 | 84,500 |
| | <hr/> | <hr/> | <hr/> |
| | \$1,354,486 | \$1,623,527 | <hr/> |

(a) The 7 $\frac{1}{4}$ % sinking fund debentures, which are secured by charges against the company's real property, may be called for redemption at a premium of 3 $\frac{1}{2}$ % until December 15, 1969 and thereafter at premiums declining annually by $\frac{1}{2}$ of 1% until December 15, 1975 after which date they are redeemable at the principal amount. These debentures are convertible at the holder's option into shares of the company at \$3.34 per share until December 15, 1971 and \$5.34 per share thereafter until December 14, 1976.

(b) The 7% subordinated debentures may be called for redemption at a premium of 3% until September 30, 1969 and thereafter at premiums declining annually by $\frac{1}{2}$ of 1% until September 30, 1973 after which date they are redeemable at the principal amount. These debentures are convertible at the holder's option into shares of the company at \$1.11 per share until September 30, 1974. During the year 7% debentures having an aggregate principal of \$131,000 were converted into 118,011 shares.

6. SHARE CAPITAL

(a) During the year:

- (i) the company obtained supplementary letters patent increasing the authorized capital by the creation of an additional 500,000 shares without par value, ranking on a parity with the existing 1,000,000 shares.
- (ii) the company issued 100,000 fully paid and non-assessable shares to each of two directors in consideration for guarantees totalling \$500,000 provided in respect of the company's bank indebtedness and \$2 cash. These shares are to be held in escrow until June 30, 1970. In addition, 118,011 shares were issued on conversion of 7% subordinated debentures as set out note 5 (b).

(b) Reservations of shares:

222,552 shares are reserved for possible issue upon the exercise of warrants presently outstanding. Such warrants entitle the holder thereof to purchase shares at a price of \$3.37 per share until December 15, 1970, the expiry date.

91,967 shares are reserved for possible conversion of the debentures referred to in note 5.

7. CORPORATE INCOME TAXES

Losses aggregating \$370,189 incurred in the current and prior years and depreciation of \$717,679 recorded in the company's accounts but not claimed for tax purposes, are available to reduce taxable income of future years.

8. LONG TERM LEASES

Under contractual obligations with respect to leased premises the company is committed to aggregate annual rentals of approximately \$100,000 to 1975, and \$80,000 thereafter to 1986.

9. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Remuneration of directors and senior officers (as defined under The Corporations Act, Ontario) amounted to \$92,289 in the year, including \$1,725 paid as directors' fees.

10. EVENTS SUBSEQUENT TO THE YEAR END

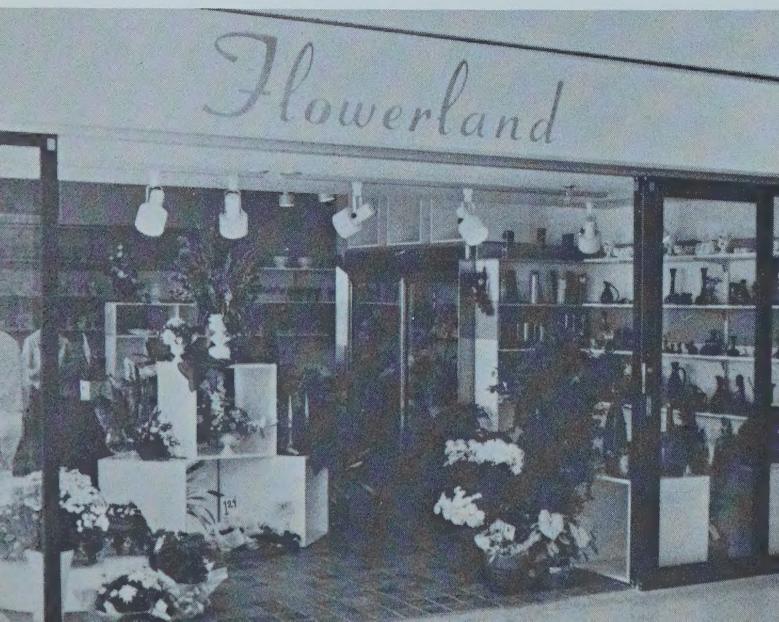
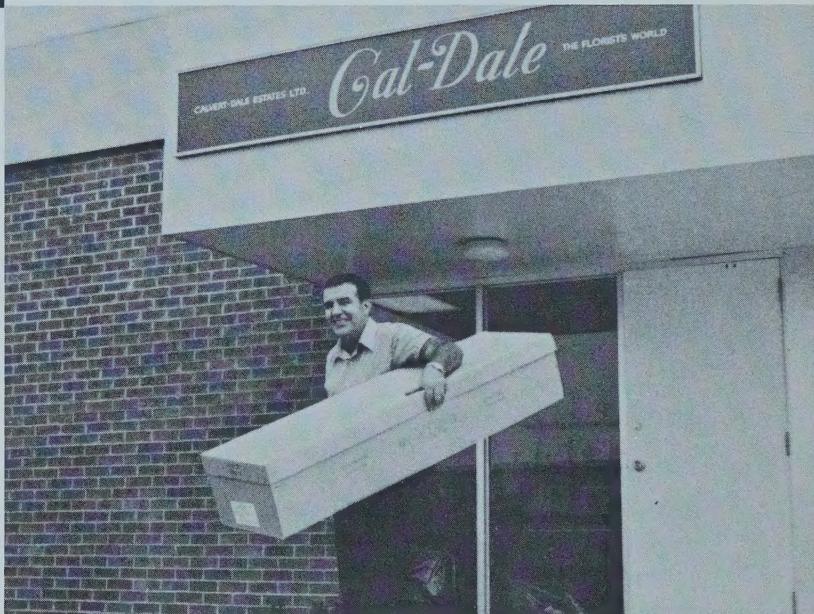
In September 1969 the company entered into an agreement with S. Eric Johnson Limited to prepare a development report in connection with the company's lands, including proposals and recommendations for future land uses, and to present these recommendations to the appropriate governmental and regulatory authorities with respect to all proposed land use changes. The payments required for these services are estimated to be \$76,000 payable over three years.

1969

Expanding The Florist's World



London Ontario Wholesale House opened in October 1968 and followed by another in Ottawa in May, 1969.



Retail operations expanded in June 1969 when this second shop opened in Shoppers' World Plaza, Brampton.

Driver - Salesmen prepare for Cal-Dale's "Call and Go" Service to Southern Ontario points.

Cal-Dale Estates Limited

DIRECTORS

J. A. Crawford, C.A.

Jane K. Pierson

M. Gaasenbeek*

W. R. Pierson, Jr.*

P. Latchman*

W. V. Smith, C.A.

R. A. Nicholson*

J. C. Stradwick, Sr.

A. H. Zaldin, Q.C.*

*Members of Executive Committee

OFFICERS

R. A. Nicholson, *President*

W. R. Pierson, Jr., *Vice-President and General Manager*

W. J. Walker, C.A., *Treasurer and Asst. General Manager*

G. D. Stephens, C.A., *Controller*

A. H. Zaldin, Q.C., *Secretary*

AUDITORS

Clarkson, Gordon & Co.

REGISTRAR AND TRANSFER AGENT

Canada Permanent Trust Company, Toronto

BANKER

Toronto-Dominion Bank

LOCATIONS

Greenhouses and head office—Brampton, Ontario

Wholesale branches—London, Ontario

LISTED ON

Toronto Stock Exchange

Montreal, Quebec

Ottawa, Ontario

Toronto, Ontario

